GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA

UNSTARRED QUESTION NO:2618
ANSWERED ON:21.03.2005
EPFO TO HANDLE EMPLOYEES PENSION SCHEME
Muqueem Shri Mohammed

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether the Employees Provident Fund Organisation which has been mandated to handle Employees Pension Scheme is facing a shortfall of Rs.552 crores in its staff pension plan as reported in Economic Times dated December 2, 2004; and

(b) if so, the facts thereof?

Answer

MINISTER OF LABOUR AND EMPLOYMENT (SHRI K. CHANDRASEKHAR RAO)

(a) & (b):EPF Staff Pension benefits are governed by the CCS(Pension) Rules, 1972, which are in the nature of a defined benefit scheme based on the pay-as-you-go system. To meet the liabilities arising out of this, there is a separate Pension-cum-Gratuity Fund account into which Central Board of Trustees, Employees Provident Fund every year transfers funds from the Administration Account @ 12.4% of the total emoluments. The Scheme is not fully funded as part of the liability is met out of Administration Account. An actuarial valuation of the Scheme was conducted. The actuary has recommended that to convert the funding of the scheme from pay-as-you-go system to fully funded scheme, an amount of Rs.552.08 crores is required as initial contribution.